



**City Council
FY 2018-2019 Proposed Budget
Public Hearing
6/5/18**

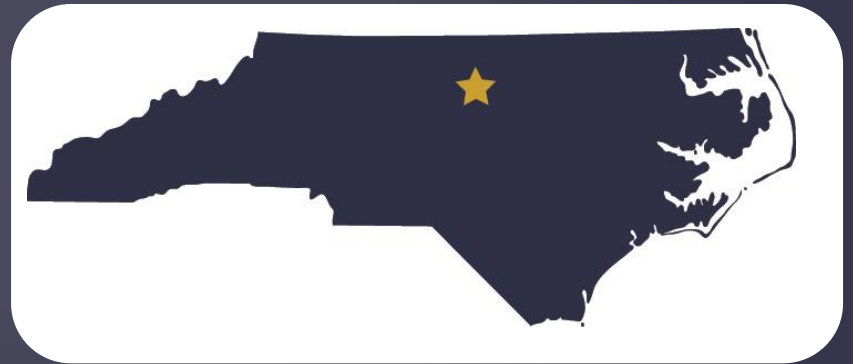
Summary

- **General Fund**: \$55.34 million
No property tax rate increase
- **Water Resources Fund**: \$30.02 million
2% increase in water/sewer rates
- **Transportation Fund**: \$2.4 million
Adding 1 add'l lap to Link Transit – 8:00pm
(\$253,353 General Fund impact due to major state and federal contributions)



GENERAL FUND

- Police
- Fire
- Recreation and Parks
- General Administration
- Legal
- Public Works/ Technical Services / Inspections
- Transportation
- Information Technology
- HR/Health Services
- Finance
- Engineering
- Planning/GIS
- Debt Service



Major Budget Changes Since April 30

5/17/18 Memo

- 1) Added \$150,000 to resurfacing account to bring total to \$900,000
- 2) Restored \$30,000 budget cut for contract landscaping program for the interstate interchange
- 3) Reduced the property tax collection estimate to be a bit more conservative in our forecast – this has been accomplished by reducing the amount by \$153,697. This item along with some tweaks to the spreadsheet formulas nets a new projected collection rate of 97.3%.

Rate Comparison

- City's average tax collection rate over the past 3 years = 98.57%
- Present collection rate (with 2 months to go) = 98.46%
- Proposed FY 18-19 Budget = 97.3%

Note: The “revenue cushion” now built into the revenue projections totals \$1,080,697.



Major Budget Changes Since April 30

Changes required to accomplish the above noted items

Moved \$150,000 of expenses from General Fund Streets Division & placing them in Stormwater Fund to recoup costs for Stormwater-related work done by the Streets Division (11% of their non-capital, non-resurfacing work).

Moved expenses from HR Generalist position (\$86,665) from the General Fund to the Water Resources Fund (19% of the City's employees are in Water Resources and this accounts for 1 of 5 staff in HR);

Cut the Traffic Control Division budget by \$90,000 to remove an item that was unnecessarily included in this year's budget

Cut the Sanitation Division budget by \$7,032 to reflect a shift in expenditures to Transportation Fund for providing trash collection services at Link Transit bus stops.



Net Change: Decreased GF total by \$153,697
% Increase now 2.70% instead of 2.99%

GENERAL FUND BUDGET

HIGHLIGHTS

- Proposed Budget of \$55,343,436, or 2.70% increase over FY 17-18 Budget
- Propose no property tax increase – keep same rate of \$.5973 per \$100 valuation
- Funding increase for health insurance
- Merit-based salary adjustment (2%)
- Capital replacement program



Major Citywide Goals

1. Balancing with **no property tax rate increase** while maintaining the same level of service for the citizens (inflation)
2. Emphasizing/promoting **growth & economic development**
3. **LED** street light conversion continuation
4. Adding **1 extra lap** to **Link Transit** (8 pm)
5. **New full-time positions**



(5 General Fund, 1 Stormwater, 1
Transportation, 1 Water Resources)

New FT Positions

- Police
 - Lieutenant - ANET
 - Telecommunicator I
- Sanitation
 - Sanitation Equipment Operator
- Engineering
 - Civil Engineer II (40% *federally funded*)
- Human Resources
 - Human Resource Generalist (*Water Fund*)
- Transportation
 - Transit Manager (80% *federally funded*)
- Fire
 - Firefighter I
- Stormwater
 - Stormwater Manager (*Stormwater Fund*)



Major Citywide Goals

6. Provision for merit-based pay adjustments
7. Organizational Improvements



Organizational Improvements

A practical & thoughtful path to move the City forward over the next 5-7 years.

Goals:

- Streamline operations.
- Improve productivity.
- Enable measurable progress on the City's priorities.
- Balanced workloads for our senior leadership team.
- Improvement to some operational areas that have needed modification to reflect changes in industry best practices or new programming or service priorities.



Organizational Improvements

Details

Studied **peer communities**: Concord, Cary, Rocky Mount, Winston-Salem, Greensboro, and Kannapolis

Nearby **smaller communities** of Graham, Mebane, and Reidsville currently have Assistant City Managers.

Proposal: **3-person senior leadership team**

- Assistant City Manager - Development Services (Nolan Kirkman)
- Assistant City Manager - Administrative Services (Rachel Kelly)
- Water Resources Director (Bob Patterson)

Each will be a Grade 42 in the City's Pay Plan, as designated in the action taken on November 17, 2015.



The proposed **organizational chart** provides further details on assignments and structure.

Organizational Improvements

Details

- Public Works (5 Divisions), Transportation, Engineering, Planning, Inspections and Projects into one group – **Development Services** and placing them under the responsibility of one **Assistant City Manager**.
- Animal Services, Information Technology, Economic Development, Recreation & Parks, and Community Engagement (formerly Public Information) into one group – **Administrative Services** and placing them under the responsibility of one **Assistant City Manager**.
- Elevating **Water Resources Director** to **Grade 42** and establishing three divisions – Water & Sewer Operations (plants), Field Operations (water & pipe maintenance/construction), and Stormwater.
- Keeping **five departments in the direct line of responsibility for the City Manager** – Police, Fire, Finance, Human Resources, and City Clerk.
- Assigning **Senior Administrative Assistant** (Beverly Smith) to direct responsibility of City Manager.



Organizational Improvements

Details

- Renaming Public Information Office to **Community Engagement Division** & reclassifying a vacant position in Recreation & Parks (Parks Superintendent) to Community Engagement Manager in this division. This new position will lead: Public Information Specialist, PEG Channel Specialist (PT), and newly proposed Youth Solutions Coordinator. Morgan Lasater will serve as Community Engagement Manager & recruitment process will be initiated for new Public Information Specialist.
- Creating a **new Public Works Director role** to help balance the workload of Nolan Kirkman. This new position will supervise 5 divisions: Building Maintenance, Cemetery & Grounds, Equipment Services (Fleet), Sanitation, and Streets.
- Moving the **Recreation Sanitation Division (including 1-2 part-time staff persons and one small rear loader truck) to the Sanitation Division**. This change will be enacted no earlier than September 10, 2018.
- Moving **Street Sweeper Driver and street sweeper equipment** from Stormwater Division of Water Resources Department to Street Division. Major change is the new reporting relationship through the Streets Superintendent. Funding will remain in Water Resources Department.



Organizational Improvements

Details

The following **5 positions will no longer be authorized**: Parks Superintendent (Recreation & Parks), Director of Development & Technical Services, Public Policy Director, Planner I, and Real Estate Specialist. Funds for these positions are repurposed for the uses mentioned above.

The **true cost of the organizational improvements** to the General Fund is **\$58,930**.

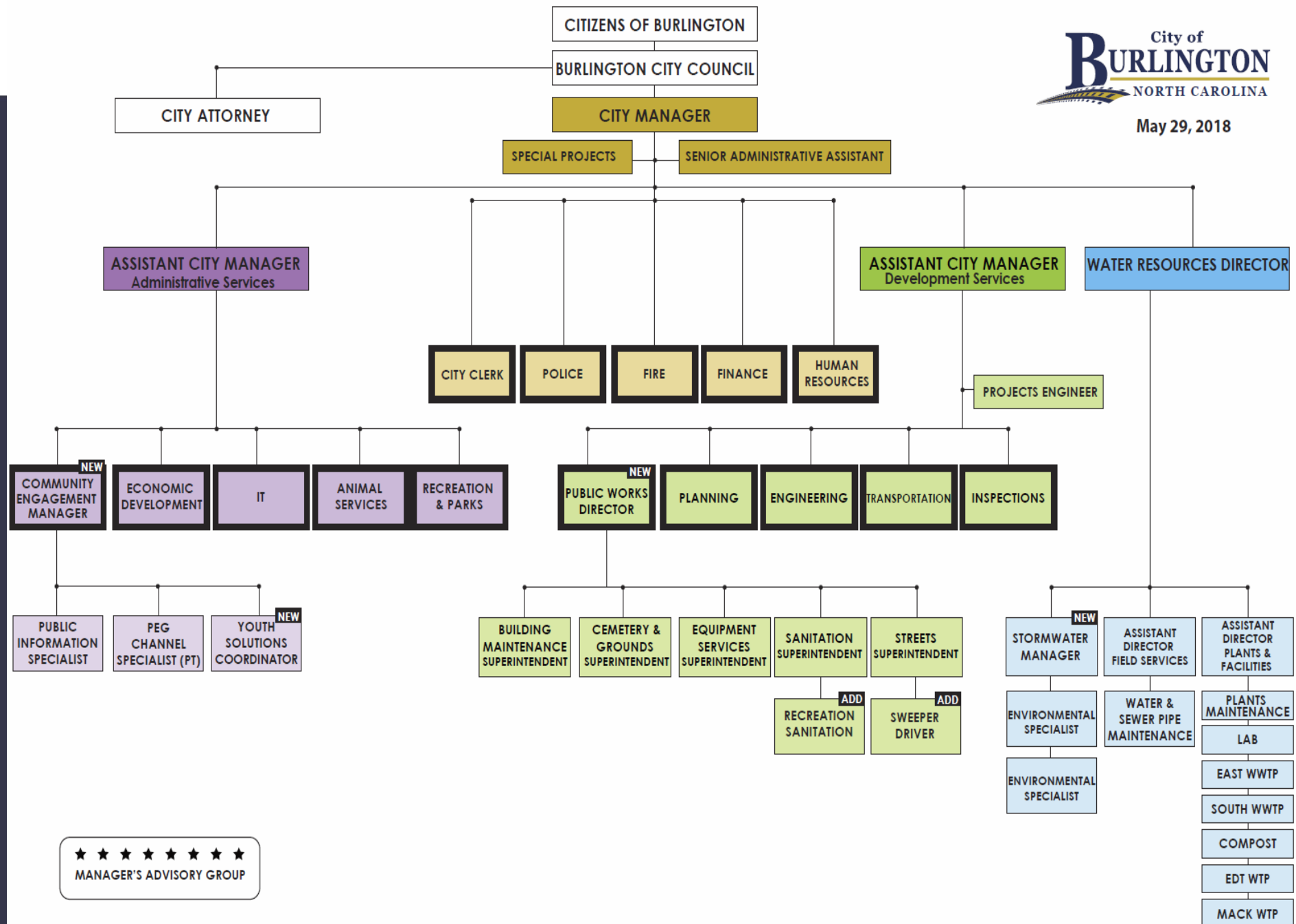
Due to the inclusion of a vacant Assistant City Manager position, vacant Real Estate Specialist, and vacant Planner I in the FY 17-18 Budget with \$278,305 in unused funding, the overall impact of the proposed changes results in a **net cost savings** to the City for FY 18-19.

The net effect for **all funds** combined is **\$115,551 in reduced expenditures** planned for FY 18-19. General Fund will see a net increase of \$115,266 for the organizational improvements; Water Resources Fund will see a decrease of \$230,818.

Meaningful progress on goals / improved
productivity / balanced workloads / best
practices / stay aligned with community goals



May 29, 2018



FY 18-19 Proposed Budget Details



Forward-Looking Challenges & Opportunities

- State revenues

 - Stable for FY 18-19

- Uncertainty from U.S. Congress regarding federal budget for CDBG & HOME funds
- Adequate resources for capital outlay requests to maintain City facilities and replace aging fleet

SNAPSHOT - REVENUES

Revenues:

- **Moderate growth in property tax revenue** (97.3% property tax collection rate projected – revised downward from April 30, 2018 Work Session)
- **Sales tax revenues** are projected to increase over FY 17-18 budget (optimism about state/national economy)
- **Building permit revenues** rising with economy (optimistic trends observed)



SNAPSHOT - EXPENDITURES

Expenditures:

- All departments asked to submit **limited growth budget**. Minimal new items/programs.
- Increases (General Fund): new positions, reclassifications/restructuring, merit-based pay adjustments (2% citywide), maintenance & service contracts, health insurance funding, utilities



EMPHASIS IN GENERAL FUND

- Provide outstanding day to day City services
- Commitment to improve neighborhoods throughout the City
 - 50 new **LED streetlights** & upgrade 1,550 lights to LED on thoroughfares, commercial areas & downtown parking lots
 - Community Improvement Program (**CIP**) for proactive code enforcement
 - **Youth Solutions Coordinator** – structure and funding in place – details forthcoming...
 - **Direct service staff** added in sanitation, engineering, fire, police – better services for growing community
 - Building momentum for **economic development** success (focusing on major properties, building relationships)
 - **Policing strategies** – connecting with community / trust through transparency / national accreditation
 - Paving the way for **new animal shelter** – better services
 - **Burlington Connected** – address concerns quickly



EMPHASIS IN GENERAL FUND

■ Major Infrastructure & Capital

o Bucket truck – transportation	\$ 125,000
o Dump truck	\$ 90,000
o Rear load garbage truck	\$ 190,000
o Sideloader truck	\$ 280,000
o 14 Police cars	\$ 537,200
o Street resurfacing	\$ 900,000
o Computer hardware	\$ 418,000
o 66 passenger bus (Recreation)	\$ 100,000

EMPHASIS IN GENERAL FUND

- Economic development/ quality of life partners:
 - Alamance Chamber - \$50,000
 - Burlington-Alamance Airport Authority- \$232,500
 - Burlington Downtown Corporation:
 - Proposal: Maintain \$75,000 for operations, opportunity for a second \$75,000 for small grants program
 - Proposal: Council maintain the MSD property tax rate of \$0.17 for the special tax district downtown.



GENERAL FUND BUDGET FY 18-19

2018-2019 ANNUAL BUDGET GENERAL FUND - REVENUES

<u>SOURCE</u>	<u>AMOUNT</u>	<u>PERCENT</u>
Real Property Taxes	\$25,316,624	45.7%
Vehicle Taxes	2,443,768	4.4%
State Shared Taxes	5,708,600	10.3%
Cable TV Franchise Tax	350,000	0.6%
Sales Tax	11,923,519	21.5%
Interest on Investments	400,000	0.7%
Privilege Licenses	2,000	0.0%
Permits	877,000	1.6%
Sanitation Fees	1,380,000	2.5%
Animal Shelter Fees	972,439	1.8%
Recreation Fees	2,248,200	4.1%
Miscellaneous Revenues	1,965,300	3.6%
Cemetery Fees	119,000	0.2%
Fund Balance Appropriated	1,636,986	2.9%
Total General Fund	\$55,343,436	100.0%

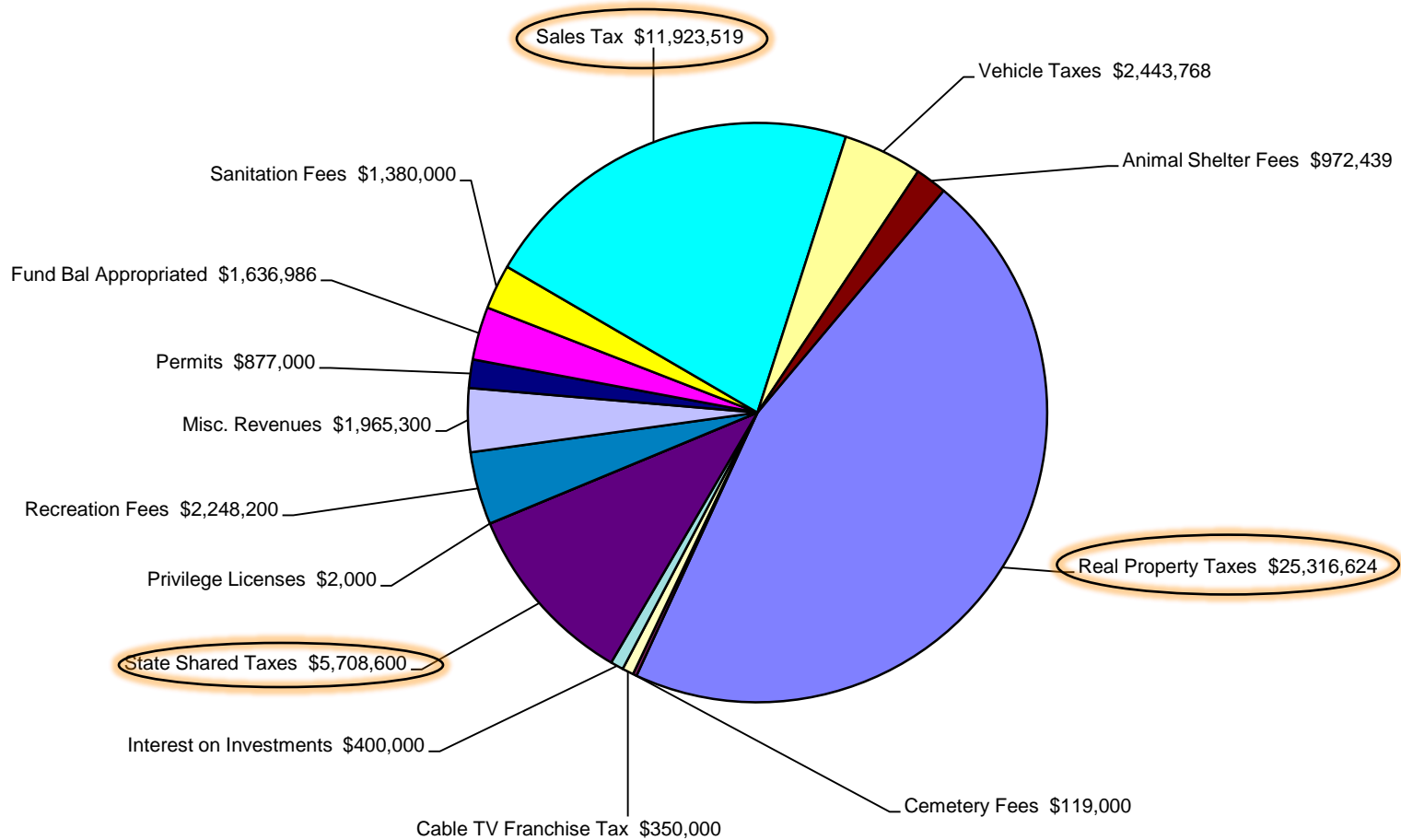
2018-2019 ANNUAL BUDGET GENERAL FUND - EXPENDITURES

<u>DEPARTMENT</u>	<u>AMOUNT</u>	<u>PERCENT</u>
Administration	\$ 1,195,025	2.2%
Economic Development	\$ 175,544	0.3%
Finance & Risk Management	1,507,592	2.7%
Information Technology	1,130,665	2.0%
Legal	613,867	1.1%
Human Resources	915,896	1.8%
Planning/Gis	1,501,620	2.7%
Engineering	751,951	1.4%
General Admin/Building	1,530,987	2.8%
Police	16,013,113	28.9%
Animal Services	1,492,487	2.7%
Fire	8,321,251	15.0%
Public Works	9,173,945	16.6%
Trans/Traffic/Signs/Lighting	1,927,402	3.5%
Recreation	6,453,572	11.7%
Debt Service	2,638,519	4.8%
Total General Fund	\$55,343,436	100.0%



GENERAL FUND REVENUES

GENERAL FUND REVENUES
2018-2019 ANNUAL BUDGET



GENERAL FUND REVENUE SOURCES

EXPLANATION OF SOURCES OF REVENUE

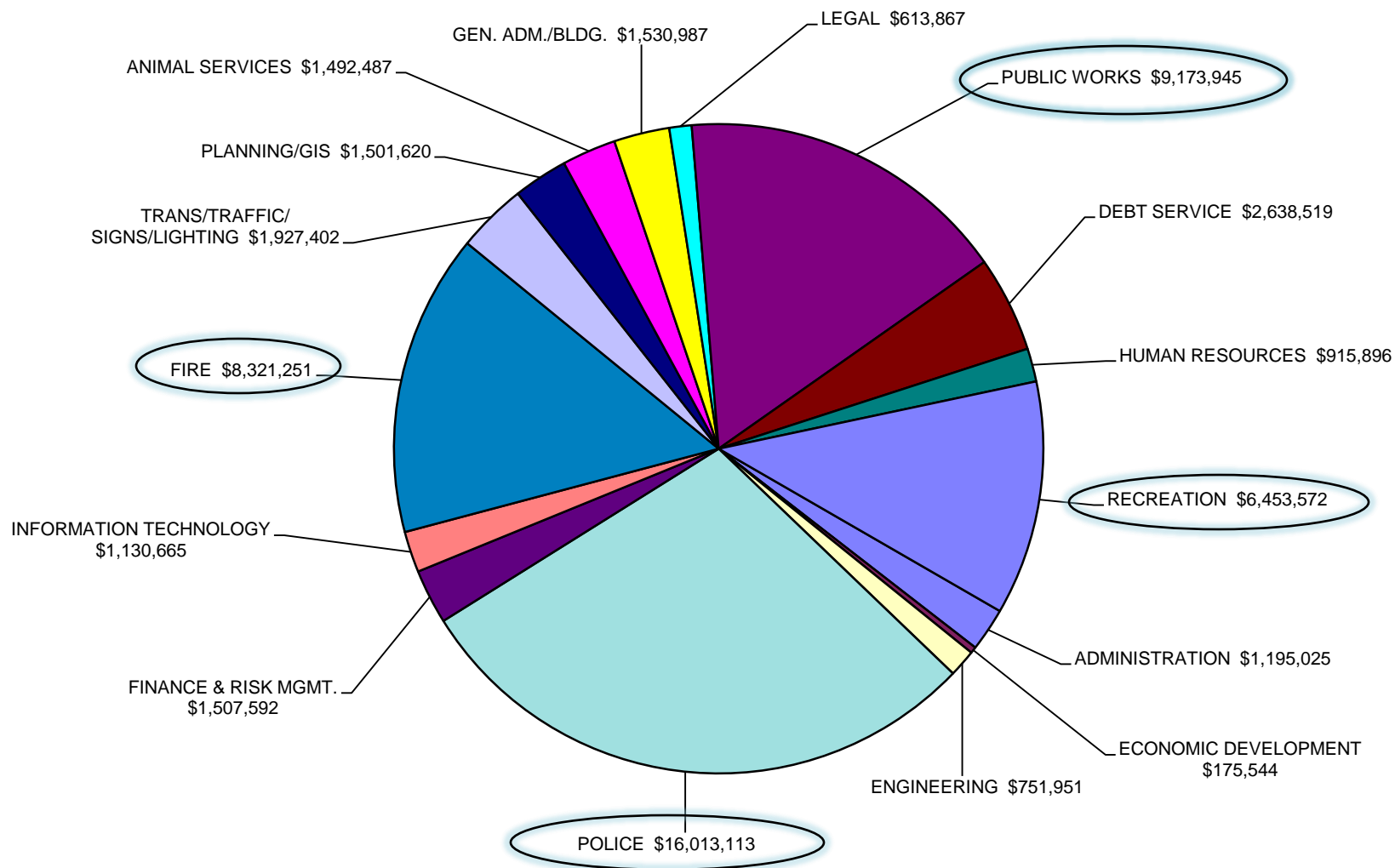
45.9%	Real Property Taxes	Property tax on real estate - individual & commercial
4.4%	Personal/Vehicle Taxes	Property tax on vehicles and personal property such as mobile homes, boats, unlicensed vehicles, etc.
10.3%	State Shared Taxes	This includes: (1) Powell Bill monies which are used for street repair, (2) franchise & excise taxes from power bills, telephone bills, etc., and (3) taxes on the sale of beer
0.6%	Cable TV Franchise Tax	Taxes on cable TV
21.5%	Sales Tax	Sales tax on items purchased in Alamance County distributed based on population
0.7%	Interest on Investments	Interest from available cash invested in investments like CDs, commercial paper, etc.
1.6%	Permits	Electrical, mechanical, plumbing, code enforcement fees, etc.
2.5%	Sanitation Fees	Fees charged for pick up of limbs, old appliances, recycling, etc.
1.8%	Animal Shelter Fees	Per capita fees from other municipalities and Alamance County.
4.1%	Recreation Fees	Fees charged to participants of baseball, basketball, soccer, etc. and rental of facilities
3.5%	Miscellaneous Revenues	One time revenues, donations, and revenues that don't fit in other major categories. Some examples would include larger revenues such as Reimbursement of Costs - Traffic Signal System - \$460,000, Monopole Rentals - \$350,000, Alamance County Fuel Purchases - \$450,000, and some much smaller revenues such as Taxi Permits - \$300, Civil Penalty Violations - \$5,000, and Parking Violations - \$15,000.
0.2%	Cemetery Fees	Cemetery lots, grave permits and columbarium sales
2.9%	Fund Balance Appropriated	Money that has been saved over prior years for a "rainy day fund"

100.0%



GENERAL FUND EXPENDITURES

**GENERAL FUND EXPENDITURES
2018-2019 ANNUAL BUDGET**



WATER RESOURCES FUND

- Water & Sewer Repair and Construction
- Water & Sewer Plants and Facilities
- Laboratories
- Composting
- Customer Service/Billing
- Debt Service



WATER RESOURCES FUND BUDGET

- Proposed Budget of - \$30,019,427, a 2.2% increase
- Proposed Budget includes a 2% increase in water and sewer rates to offset inflation and focused attention on capital improvements.
- Average residential customer increase of 90 cents per month using 5,000 gallons of water & sewer service monthly
- Includes funding for employee health insurance



WATER RESOURCES FUND

Key Expenditures:

- Water line replacements (Greeson Road - TA Truck Stop and S. Church Street)
- Little Alamance Creek 21" sewer interceptor rehab
- Capital requests funded at 100%
- Funding to begin the transition to automated meter reading
- Water & Sewer Master Plan
- Design work for structural repairs & roof -Ed Thomas Water Plant
- Health insurance increase
- Provision for merit and pay plan study salary adjustment



EMPHASIS IN WATER RESOURCES FUND

- Commitment to: maintain & improve infrastructure to provide safe & clean drinking water, effectively treat wastewater, promote economic development, & improve quality of life.
- Planned major improvements:
 - *Greeson Rd (TA truckstop) waterline replacement (\$800,000)
 - *S. Church St. waterline replacement (\$800,000)
 - *Little Alamance Creek 21" sewer interceptor rehab(\$300,000)
 - *Initiate radio meter read conversion (\$500,000)
 - Inflow & infiltration reduction (\$350,000)
 - 2" water line replacements (\$275,000)
 - Water line replacements (\$300,000)
 - 6" sewer line replacements (\$150,000)
 - Easement machine for outfall cleaning (\$70,000)
 - Replace combo truck (\$ 395,000)

* Mentioned on previous slide



WATER RESOURCES FUND BUDGET FY 18-19

2018-2019 ANNUAL BUDGET

WATER RESOURCES FUND - REVENUES

<u>SOURCE</u>	<u>AMOUNT</u>	<u>PERCENT</u>
Water Rents	\$11,297,744	37.6%
Sewer Rents	16,047,302	53.5%
Water Sales - Greensboro	1,944,561	6.5%
Water & Sewer Taps	165,000	0.5%
Industrial Surcharges	50,000	0.2%
Miscellaneous Revenues	64,120	0.2%
Water & Sewer Unit Dev Fees	70,000	0.2%
Interest Income	152,700	0.5%
Interest Subsidy Payments	228,000	0.8%
Fund Balance Appropriated	-	0.0%
Total Water Resources Fund	<u>\$30,019,427</u>	<u>100.0%</u>

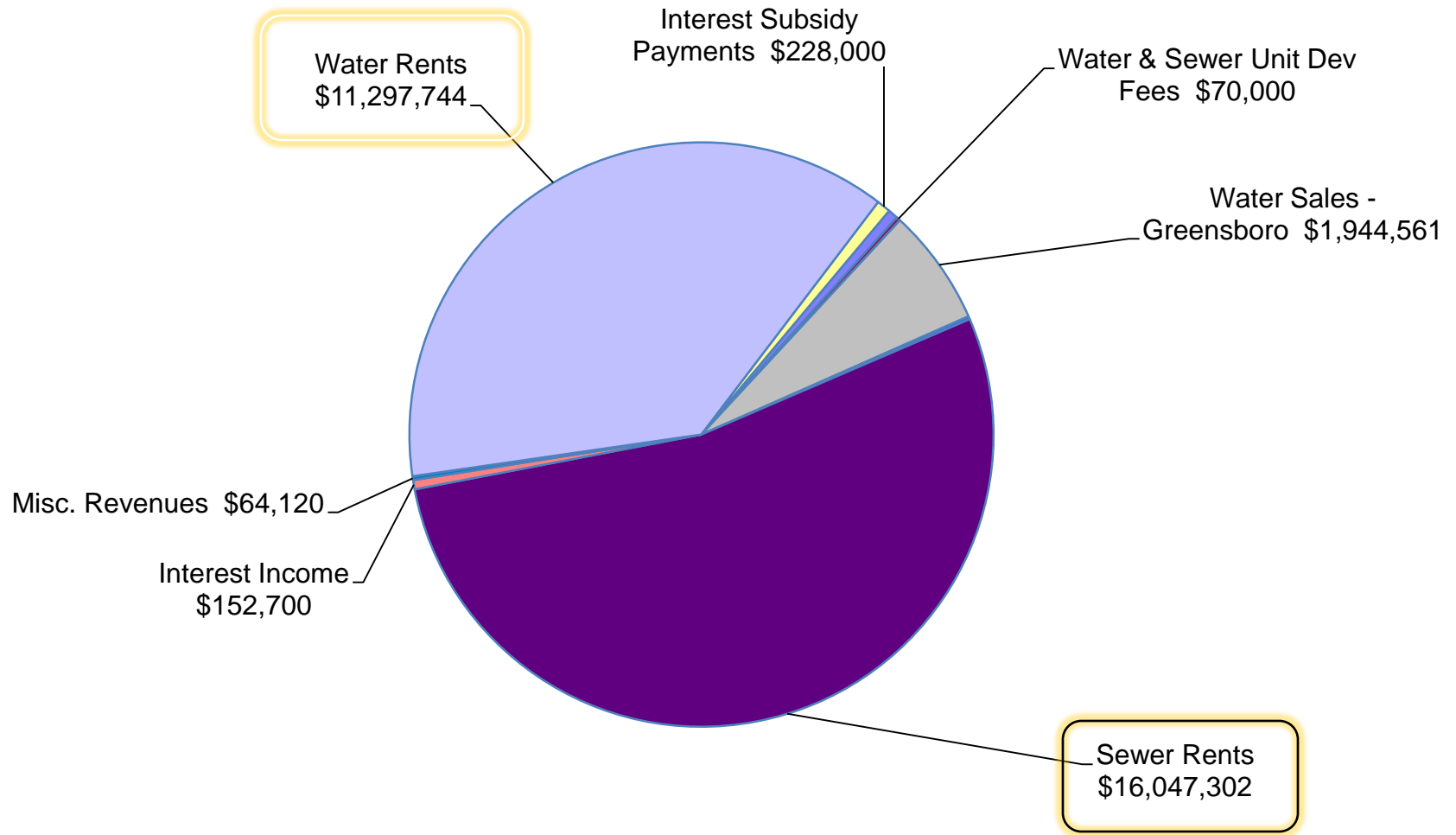
2018-2019 ANNUAL BUDGET

WATER RESOURCES FUND - EXPENDITURES

<u>DEPARTMENT</u>	<u>AMOUNT</u>	<u>PERCENT</u>
W & S Bldg Admin & Services	\$ 5,237,301	17.4%
W & S Customer Service	2,088,692	7.0%
W & S Line Supervision	383,820	1.3%
Water Line Maint/Repair	1,056,873	3.5%
Water Line Svc & Constr	2,977,572	9.9%
Sewer Line Maint/Repair	1,228,699	4.1%
Sewer Line Svc & Constr	1,172,382	3.9%
W & S Plants & Facilities Supv	917,318	3.1%
Water Sources Protection	416,248	1.4%
Ed Thomas Water Plant	1,795,501	6.0%
Mackintosh Water Plant	2,119,908	7.1%
S. Burlington Waste Treat	2,269,745	7.6%
E. Burlington Waste Treat	2,415,622	8.0%
Laboratories	555,469	1.9%
Composting	283,917	0.9%
Plants Maintenance	775,213	2.6%
Lakes And Marinas	708,775	2.4%
Debt Service	3,616,372	12.0%
Total Water Resources Fund	<u>\$30,019,427</u>	<u>100.0%</u>

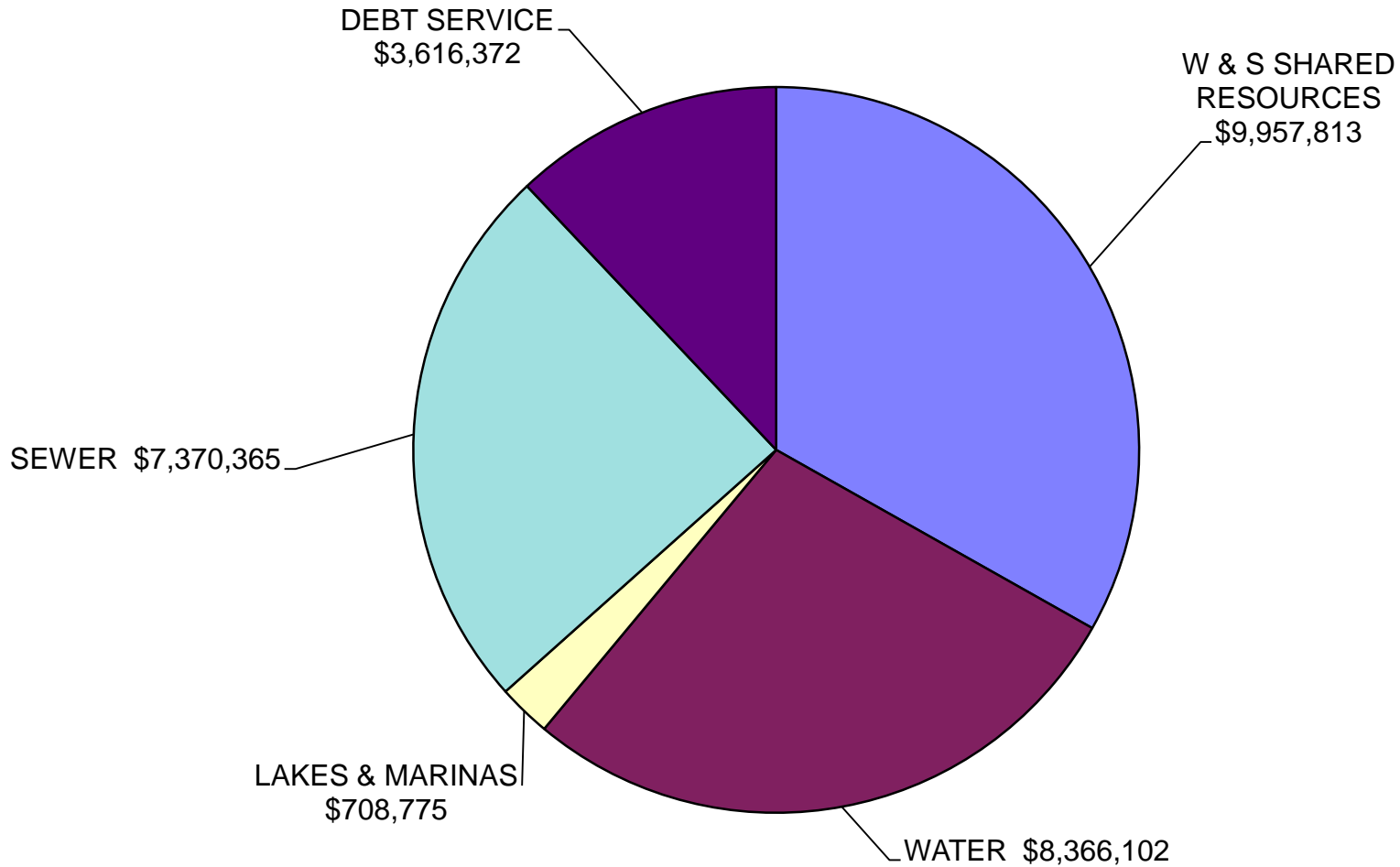
WATER RESOURCES FUND REVENUES

WATER RESOURCES FUND REVENUES
2018-2019 ANNUAL BUDGET



WATER RESOURCES FUND EXPENDITURES

WATER RESOURCES EXPENDITURES 2018-2019 ANNUAL BUDGET



WATER/SEWER RATES

Typical Utility Service Bill

(Based on 5,000 gallons per month)

Average User

	<u>Current</u>	<u>Proposed 18-19</u>
Water	\$ 19.90	\$ 20.30
Sewer	24.40	24.90
Stormwater	5.00	5.00
Solid Waste / Recycling	<u>6.00</u>	<u>6.00</u>
TOTAL MONTHLY BILL	\$ 55.30	\$ 56.20
COST PER DAY	\$ 1.84	\$ 1.87



TRANSPORTATION FUND

- Link Transit start date – **June 6, 2016**
- **One additional lap** - extending time to 8:00pm
- Major success | **166,000+** riders
- Goal: *Clean – Safe – On Time*
- Funding of \$253,353 for operations from General Fund
- One time capital expense of \$748,256 (sidewalks & shelters)
- One-time State Grant (\$200k) to assist with expansion
- **Proposed Budget of: \$2,401,412**
- Federal funding: 80% for capital items,
50% for operations



Link TRANSIT
ride • enjoy • connect

Link Transit Partners

- Alamance Community College
- Town of Gibsonville
- Alamance County
- United Way
- Hayden-Harman Foundation

Thanks!



Link TRANSIT
ride • enjoy • connect

STORMWATER FUND

- No change in rates
- Rate \$5.00 per month per 22,500 customers
- Proposed Budget of \$1,202,351



FY 18-19 OTHER FUNDS

Other Funds for FY 2018-2019

Summary of Other Funds

Revenues

Expenditures

Controlled Substance Abuse	\$ 51,500.00	\$ 51,500.00
RICO	\$ 75,351.00	\$ 75,351.00
General Capital Reserve	\$ 300,000.00	\$ 300,000.00
MPO - Transportation	\$ 510,095.00	\$ 510,095.00
Guilford Mackintosh	\$ 185,100.00	\$ 185,100.00
Water Capital Reserve	\$ 523,949.00	\$ 523,949.00
Sewer Capital Reserve	\$ 523,949.00	\$ 523,949.00
Municipal Service District (BDC)	\$ 265,000.00	\$ 265,000.00
Rehab Loan	\$ 175,000.00	\$ 175,000.00
Rental Rehab Loan Program	\$ 100,205.00	\$ 100,205.00
Community Development Block Grant	\$ 458,622.00	\$ 458,622.00
Home Program	\$ 536,011.00	\$ 536,011.00



Thanks!

Thanks to the budget team (Peggy Reece, Nolan Kirkman, & Chad Slaughter), Finance Dept. staff, City Clerk's Office staff, and all the City's department heads for their role in the development of the FY 18-19 Proposed Budget.

Thanks to our elected officials for your support and guidance!

